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SUBJECT: AUSTRIAN MEDIA HIGHLIGHTS: November 22, 2006

Crucial Day for the SPOe and the OeVP

11. Coalition negotiations resume today between the Social Democrats and the People's Party. Party leaders Alfred Gusenbauer and Wolfgang Schuessel are to discuss issues aimed at paving the way for a grand coalition. Although Schuessel in an interview ruled out a coalition with the FPOe, Austrian media agree a grand coalition is likely still a long way off.

Ahead of the resumption today of coalition talks between the SPOe and the OeVP, Economics Minister Martin Bartenstein (OeVP) Tuesday dampened hopes for a quick agreement between the two parties. He told journalists at an energy conference in Brussels that the talks would require "several weeks," semi-official daily Wiener Zeitung quotes. He also said the discussions over potentially divisive issues "were only just beginning." The Minister rejected speculation that the Conservatives were playing for time in hopes of forcing elections after failing to reach an agreement with the SPOe: "Nobody wants early elections, including the OeVP," the daily quotes Bartenstein.

Meanwhile, mass-circulation daily Kurier lists the obstacles in the way of an OeVP-SPOe agreement: the controversial Eurofighter purchase and the course of Austria's security policy; education; finances and tax reform proposals; social issues and family policy; and domestic security and immigration.

Bank Committee Calls Grasser

12. The parliamentary committee investigating Austria's banking sector has invited 16 witnesses to testify before the committee starting next Monday. The list includes current Finance Minister Karl-Heinz Grasser as well as his predecessor, Rudolf Edlinger of the Social Democrats.

When Austrian Finance Minister Karl-Heinz Grasser and his predecessor from the SPOe Rudolf Edlinger testify before the parliamentary investigative committee looking into the banking scandals, they will be asked about the role of state officials in monitoring the boards of directors of Austria's major banks. Both the Social Democrats and the People's Party say they hope the committee can finish its probe by the end of the year.

Third Parties behind Iraqi Destabilization?

13. Iraqi expert and politician Rajaa Al-Khuzai, in Vienna by invitation of Women without Borders, discussed women's politics in Iraq and the forces she believes are responsible for her country's destabilization, including "third parties" such as Iraq's neighbors,

with an Austrian daily.

Iraqi medical doctor and politician Rajaa Al-Khuzai told liberal daily Der Standard the general impression among Iraqis is that they can no longer understand what is happening in their country today. Like many others, she believes third parties, including neighboring states that do not want democracy in Iraq, or possibly even al-Qaeda, might be responsible for the ongoing problems, such as militias that are apparently operating from within the government. Al-Khuzai, who is currently in Vienna by invitation of Women without Borders, recalls the years of terror under Saddam Hussein. The Iraqis, she emphasized, were "truly happy" to be liberated by the Americans, but then things did not turn out the way they had hoped. Khuzai, one of the three women to be voted into the first Iraqi National Assembly in 2005, has long been pushing women's issues, and deplores in particular the growing number of Iraqi widows: "The government does not care about the huge number of widows. Its representatives are far too busy killing each other off." Currently, the work of most NGOs in Iraq has also been suspended, she adds, explaining it has become too dangerous as women are looked upon as "easy targets."

#### Lebanese Minister Murdered

¶4. There has been international condemnation of the assassination yesterday of anti-Syrian Lebanese Industry Minister Pierre Gemayel, who was shot in his car in a Christian area of Beirut. The leader of the anti-Syrian coalition Saad Hariri has blamed Syria for the killing, but Damascus has denied any involvement. The US has labeled the assassination a "terrorist act," with Under Secretary of State Nicholas Burns saying America was "shocked by this attack." All Austrian media report on the assassination of Lebanon's Industry Minister Pierre Gemayel. ORF radio's Morgenjournal says Gemayel's murder "could be part of a campaign by Hezbollah to mobilize the Lebanese people outside the government and parliament in order to gain more influence. US President George Bush suggested yesterday that Syrian intelligence services might be behind the killing - and others likely share his assessment." The US President "has backed the Lebanese government and accused Syria and Iran of fomenting instability and violence in the region," according to ORF radio. Meanwhile, the UN Security Council yesterday approved plans for a tribunal to try those suspected of assassinating former Lebanese Prime Minister Rafik Hariri. Six Lebanese ministers opposed to the tribunal resigned last week, leaving Premier Siniora with a skeleton cabinet. Tensions are high after the latest assassination, observers say.

#### Bush Deserted by Supporters

¶5. The Washington correspondent for an Austrian tabloid says that Republicans, including leading party members and long-term presidential advisors, are increasingly distancing themselves from President George Bush and his Iraq strategy. Washington correspondent for mass-circulation tabloid Kronen Zeitung Hans Janitschek suggests that Republicans are increasingly distancing themselves from President Bush's foreign policy: Suddenly, no one wants to be associated with the war in Iraq any longer, Janitschek says, naming Richard Perle, who recently admitted he completely underestimated the Iraqi resistance but blames the President for developments in Iraq. Likewise, former Deputy Defense Secretary Paul Wolfowitz no longer wants anything to do with Iraq,

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although he was an enthusiastic supporter of the US-led military campaign. David Frum, who coined the "axis-of-evil" phrase, is also stabbing his former boss in the back, claiming George Bush is responsible for the US failure in Iraq, according to Janitschek.

#### Syria and Iraq

¶6. Austrian media analyze the "historic reconciliation" between Syria and Iraq after the two countries resumed diplomatic relations after an interruption of 25 years. The move comes as Iraqi Premier Jalal Talabani, and Syrian President Bashar al-Assad plan to meet with Iranian President Mahmoud Ahmadinejad in Tehran later this month. The two former Mideast rivals are aiming for a rapprochement, independent provincial daily Salzburger Nachrichten writes on the

resumption of diplomatic relations between Iraq and Syria. Damascus and Baghdad's re-established ties are likely to have a considerable impact on Middle East regional policy, the daily argues, pointing to the upcoming meeting in Tehran of the Iraqi, Iranian and Syrian leaders whose objective is to save Iraq, according to the paper. Also, voices in Europe and the US are increasingly urging inclusion of formerly ostracized Syria and Iran in the Iraqi peace project. The discussion has led to hectic diplomatic initiatives in the Middle East, as the countries in the region want to be well positioned in time for the expected changes, the daily writes.

#### Iran Remains Bone of Contention

17. Days ahead of the next International Atomic Energy Agency meeting Iran has again fuelled the conflict over its nuclear program by applying for IAEA support for construction of a heavy water reactor in Arak.

According to liberal daily Der Standard, Tehran wants the IAEA to support its compliance with security standards in the Arak project. Although the matter is usually no more than routine, in Iran's case the situation is more complicated, as a heavy water reactor produces plutonium as a by-product, the daily explains. Therefore, the EU and the US are pushing for a rejection of the Iranian support application, pointing to IAEA resolutions calling on Tehran to "reconsider" the reactor's construction. Standard quotes UNVIE PAO Matthew Boland as emphasizing the "widespread mistrust of Iran's nuclear program," and the "risk of plutonium being diverted for use in a weapon."

McCaw